

*Financial Report**Lafourche Parish Home
Mortgage Authority**December 31, 2011*

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date MAY 23 2012

Bourgeois Bennett
CERTIFIED PUBLIC ACCOUNTANTS | CONSULTANTS

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Lafourche Parish Home Mortgage Authority Thibodaux, Louisiana

December 31, 2011 and 2010

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees,
Lafourche Parish Home Mortgage Authority,
Thibodaux, Louisiana.

We have audited the accompanying financial statements of the governmental activities of Lafourche Parish Home Mortgage Authority (the "Authority"), a component unit of Lafourche Parish Council, as of and for the years ended December 31, 2011 and 2010, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities of Lafourche Parish Home Mortgage Authority as of December 31, 2011 and 2010, and the changes in net assets for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis information on pages 3 through 5 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing

the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

In accordance with Government Auditing Standards, we have also issued our report, dated April 10, 2012, on our consideration of Lafourche Parish Home Mortgage Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
April 10, 2012.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Lafourche Parish Home Mortgage Authority

The Management's Discussion and Analysis of Lafourche Parish Home Mortgage Authority's (the "Authority") financial performance presents a narrative overview and analysis of the Authority's financial activities for the year ended December 31, 2011. This document focuses on the current year's activities, resulting changes, and currently known facts. Please read this document in conjunction with the financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

The Authority's assets exceeded its liabilities at the close of fiscal year 2011 by \$1,675,511 (net assets), which represents a 1.62% decrease from last fiscal year. Of this amount, \$163,327 is restricted for bond trust indentures and the remaining \$1,512,184 is unrestricted.

The Authority's total assets decreased \$27,590 (or 1.62%).

The Authority's additions decreased \$855 (or 80.06%).

The Authority's deductions increased \$5,611 (or 25.28%).

The Authority did not have any funds with deficit fund balances.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Authority's financial statements. The Authority's financial report consists of three parts: (1) management's discussion and analysis (this section), (2) financial statements, and (3) special reports by certified public accountants and management.

The statements of fiduciary net assets and changes in fiduciary net assets include assets, liabilities, additions and deductions using the accrual basis of accounting, which is similar to the accounting method used by most private sector companies. All current year additions and deductions are taken into account regardless of when cash is received or paid. Reading these statements in conjunction with each other helps the user understand the composition of the Authority's net assets and the driving forces that initiate the changes in the net assets.

The statements of fiduciary net assets present information on all of the Authority's assets less liabilities which results in net assets. These statements are designed to display the financial position of the Authority. You can think of the Authority's net assets as one way to measure the Authority's financial health. Over time, increases or decreases in the Authority's net assets are an indicator of whether its financial health is improving or deteriorating.

The statements of changes in fiduciary net assets provide information which shows how the Authority's net assets changed as a result of the current year's activities. This allows users of the financial statements to determine the major factors that effected the current financial statements and may have a significant impact on financial statements in the future.

Comparative Condensed Statements of Fiduciary Net Assets

	December 31,		Dollar
	2011	2010	Change
Assets	<u>\$ 1,685,511</u>	<u>\$ 1,713,101</u>	<u>\$ (27,590)</u>
Liabilities	<u>\$ (10,000)</u>	<u>\$ (10,000)</u>	<u>\$ -</u>
Net assets:			
Restricted - trust indentures	\$ 163,327	\$ 163,313	\$ 14
Unrestricted	<u>1,512,184</u>	<u>1,539,788</u>	<u>(27,604)</u>
Total net assets	<u>\$ 1,675,511</u>	<u>\$ 1,703,101</u>	<u>\$ (27,590)</u>

The decrease in assets is due primarily to the decrease in revenue and increase in expenses from 2010.

Comparative Condensed Statements of Changes in Fiduciary Net Assets

	December 31,		Dollar
	2011	2010	Change
Additions:			
Interest:			
Investments and money market accounts	\$ 213	\$ 1,814	\$ (1,601)
Real estate mortgage loans	-	24	(24)
Net decrease in fair value of investments	<u>-</u>	<u>(770)</u>	<u>770</u>
Total additions	<u>213</u>	<u>1,068</u>	<u>(855)</u>

	December 31,		Dollar
	2011	2010	Change
Deductions:			
Other	27,803	22,192	5,611
Increase (decrease) in net assets	(27,590)	(21,124)	(6,466)
Net assets beginning of year	1,703,101	1,724,225	(21,124)
Net assets end of year	<u>\$ 1,675,511</u>	<u>\$ 1,703,101</u>	<u>\$ (27,590)</u>

DEBT ADMINISTRATION

Long-term Debt

As of December 31, 2011 and 2010, the Authority had \$10,000 in bonds payable outstanding. More detailed information about the Authority's long-term debt is presented in Note 4, Exhibit C of this report.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Board of Trustees of the Lafourche Parish Home Mortgage Authority, 327 Rosemont Dr., Thibodaux, Louisiana 70301.

STATEMENTS OF FIDUCIARY NET ASSETS -
FIDUCIARY FUND TYPE - PRIVATE - PURPOSE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Assets		
Cash	\$ 1,685,511	\$ 1,713,101
Liabilities		
Bonds payable	<u>10,000</u>	<u>10,000</u>
Net Assets		
Restricted - trust indentures	163,327	163,313
Unrestricted	<u>1,512,184</u>	<u>1,539,788</u>
Total net assets	<u><u>\$ 1,675,511</u></u>	<u><u>\$ 1,703,101</u></u>

See notes to financial statements.

STATEMENTS OF CHANGES IN FIDUCIARY NET ASSETS -
FIDUCIARY FUND TYPE - PRIVATE - PURPOSE TRUST FUND

Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana

For the years ended December 31, 2011 and 2010

	<u>2011</u>	<u>2010</u>
Additions		
Interest:		
Investments and money market accounts	\$ 213	\$ 1,814
Real estate mortgage loans	-	24
Net decrease in fair value of investments	-	(770)
	<u>213</u>	<u>1,068</u>
Total additions		
	<u>213</u>	<u>1,068</u>
Deductions		
Loan service fees	-	1
Professional services	19,249	19,827
Miscellaneous expense	4,854	764
Trustee fee	3,700	1,600
	<u>27,803</u>	<u>22,192</u>
Total deductions		
	<u>27,803</u>	<u>22,192</u>
Change In Net Assets	(27,590)	(21,124)
Net Assets		
Beginning of year	<u>1,703,101</u>	<u>1,724,225</u>
End of year	<u>\$ 1,675,511</u>	<u>\$ 1,703,101</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

**Lafourche Parish Home Mortgage Authority
Thibodaux, Louisiana**

December 31, 2011 and 2010

Note 1 - REPORTING ENTITY

The Lafourche Parish Home Mortgage Authority (the "Authority") was established on February 1, 1979 pursuant to Chapter 2A of Title 9 of the Louisiana revised statutes, as amended, and is a public trust. The Authority was created to provide funds, through the issuance of bonds, to promote the development of residential housing in the Parish of Lafourche through low interest first mortgage loans and other purposes as specified by the Trust Indenture. The beneficiary of the trust is the Council of the Parish of Lafourche.

The Authority has a nine member appointed Board of Trustees each member having a four-year term and having the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. This report includes all funds of the Authority.

Evidences of indebtedness are solely the obligations of the Authority and are not obligations of the Parish of Lafourche or the State of Louisiana.

The Authority is a component unit of Lafourche Parish Council who is the beneficiary of the Trust on behalf of Lafourche Parish Home Mortgage Authority. The Authority has reviewed all of its activities and determined that there are no potential component units which should be included in its financial statements.

The Authority's Board of Trustees is empowered under the Trust Indenture and the bond program agreement to contract with outside parties to conduct the day-to-day operations of the bond programs it initiates. In connection with the bond program, the Authority utilizes area financial institutions to originate and service the mortgage loans acquired. In addition, a financial institution has been designated as Trustee of the individual bond program and has the fiduciary responsibility for the custody and investment of funds.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing government accounting and financial reporting principles. The following is a summary of certain significant accounting policies:

a. Trust Indenture Accounts (Series 1990 Bonds)

The following accounts (Funds) are maintained by the Authority in accordance with the Trust Indentures dated April 1, 1990 for the Series 1990-A, Class A-1 bonds and the Series 1990-A, Class A-2 bonds, and the Trust Indenture dated May 1, 1990 for the Series 1990-B, Class B-1 and Class B-2 bonds:

- 1. Collection Account** - The Trustee is required to deposit all payments of interest and principal received on the four Federal Home Loan Mortgage Corporation (FHLMC) participation certificates (except for the portion of the principal amount of the participation certificates held in the Issuer Residual Account) and any accrued interest received from the original purchasers of the Series 1990-A, Class A-1 bonds into the Collection Account. On each Class A-1 payment date (the 20th day of the second month following each interest accrual period, which is defined as a calendar month), the Trustee shall first pay from the Collections Account installments of principal and interest of the Class A-1 bonds which are delinquent, then in the following order installments of principal and interest which are not delinquent, any amounts directed by the Issuer (the "Authority") to be transferred to the Class A-1 Redemption Account, and any remaining monies to the Issuer Residual Account.
- 2. Class A-1 Redemption Account** - The monies in this account shall be used solely for the payment of principal of the Class A-1 bonds called for redemption on any Class A-1 payment date on or after April 20, 2000, at 100 percent of the face amount of the bonds, and accrued interest for the applicable interest accrual period. The Trustee shall deposit into this account monies directed by the Issuer to be transferred from either the Collection Account or from the Issuer Residual Account.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

- 3. Issuer Residual Account and Program Sub account** - An initial deposit was made on April 11, 1990 (the bond restructuring date) to the Issuer Residual Account. The Trustee is required to make deposits into this account from the Collection Account, and the Debt Service Account under provisions of various sections of the trust indentures. Expenses of the Issuer including trustee fees, independent accountant fees, legal fees, etc. will be paid from this account. On April 2 each year, amounts in excess of \$60,000 in the Issuer Residual Account may be released to the Issuer, deposited into the Class A-1 Redemption Account at the request of the Issuer, or deposited into the Program Subaccount. An initial deposit of \$645,065 was made into the Program Subaccount on the bond restructuring date. Amounts held in the Program Subaccount may be released to the issuer at any time and will be used to pay costs for public purposes which preserve the exclusion from gross taxable income of interest on the Series 1990-B, Class B-1 and Class B-2 Bonds. Amounts in these two accounts are not pledged as security for the bonds and not subject to liens of trust indentures.
- 4. Debt Service Reserve Account** - An initial deposit was made by the Trustee on the bond restructuring date as required by the trust indenture of \$634,867 represented by an investment in a government agency discount obligation maturing on May 15, 2014 at a maturity amount of \$6,175,000. During 2009, debt service reserve investment (Student Loan Marketing Association Zero coupon Bonds) was called.
- 5. Debt Service Account** - Following the payment in full of the Class A-2 bonds in October 1995, the Trustee transferred all remaining monies in the Retained Mortgage Loans Account to this account. After that date, the Trustee is required to deposit into the Debt Service Account all revenues and receipts of the retained mortgage loans (the 1979 mortgage loans pledged to secure the Series 1990-A, Class A-2 bonds until paid in full and then the Series 1990-B, Class B-1 Bonds), any insurance payments received with respect to the retained mortgage loans under the mortgage trust insurance policy, and required transfers from the Debt Service Reserve Account, if any. On each Class B-1 payment date (the 1st day of each month), the Trustee shall first pay from the Debt Service Account all interest due on delinquent Class B-1 bonds, then in the following order, interest due on Class B-1 bonds which are not delinquent and principal of Class B-1 bonds to the extent that amounts remaining in the Debt Service Account after making the previous

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

a. Trust Indenture Account (Series 1990 Bonds) (Continued)

5. Debt Service Account (Continued)

payments exceed \$20,000. On the maturity date (May 20, 2004), the Trustee shall first pay interest due on delinquent Class B-1 bonds, then in the following order, interest due on Class B-1 bonds which are not delinquent and principal of Class B-1 bonds and the accreted value of the Class B-2 bonds. Upon redemption of the debt service reserve investment during 2009, the Trustee redeemed the Class B-2 bonds at the accreted value at that date.

6. Expense Account - An initial deposit of \$403,971 from the proceeds of issuance of the various 1990 bonds was made to this account. Trustee fees and bond issue costs in the same amount were paid from this account. Upon payment in full of the Class A-1 bonds, any monies remaining in the Issuer Residual Account shall be transferred to this account and used to pay expenses.

7. Rebate Account - The Trustee shall transfer to this account from the Program Sub account, Debt Service Account, or other available funds of the Issuer the amount required to be rebated the United States Government, if any, with respect to any rebate calculation made of interest earned on certain investments compared to the interest that would have been earned if invested at the yield rate of the Class B-1 and Class B-2 bonds. No amounts have been transferred to this account as of December 31, 2011.

b. Fund Type

The accounts of the Authority are organized on the basis of a fund, which is considered a separate accounting entity. The operations of the fund are accounted for with a separate set of self-balancing accounts that compromise its assets, liabilities, net assets, revenues and expenses. The fund type presented in the financial statements:

Fiduciary Fund - Private - Purpose Trust Fund - This fund is used to account for bond proceeds that were used to finance residential housing through low interest first mortgage loans and other purposes as specified by the Trust indenture.

Note 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

c. Fund Equity

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets - Consists of net assets with constraints placed on the use by the bond trust indentures.
- b. Unrestricted net assets - All other net assets that are not recorded as security for the bonds.

d. Basis of Accounting

The Authority follows the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

e. Budgetary Data

The Authority is not required by the Louisiana Revised Statutes 39:1303 to adopt a budget for the Authority's Private - Purpose Trust Fund.

f. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 3 - DEPOSITS AND INVESTMENTS

Louisiana state law allows the Authority to invest excess funds in obligations of the United States or any other federally insured investments, certificates of deposit of any bank domiciled or having a branch office in the State of Louisiana, guaranteed investment contracts and investment grade (A-1/P-1) commercial paper of domestic corporations.

The Authority did not report investments as of December 31, 2011 and 2010.

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Bank Deposits:

State Law requires deposits (cash) of all political subdivisions to be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the political subdivision, or with an unaffiliated bank or with a trust company for the account of the political subdivision.

Year end balances of deposits are as follows:

	2011	
	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 1,685,511</u>	<u>\$ 1,685,511</u>
	2010	
	<u>Bank Balances</u>	<u>Reported Amount</u>
Cash	<u>\$ 1,713,101</u>	<u>\$ 1,713,101</u>

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority has a written policy for custodial credit risk. As of December 31, 2011, approximately \$1,435,511 for the Authority's bank balances of approximately \$1,685,511 was exposed to custodial credit risk. These deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent but not in the Authority's name.

A reconciliation of deposits as shown on the Statement of Net Assets is as follows:

	<u>2011</u>	<u>2010</u>
Reported amount of deposits	<u>\$ 1,685,511</u>	<u>\$ 1,713,101</u>
Cash and cash equivalents	\$ 1,512,184	\$ 1,539,789
Cash and cash equivalents - restricted	<u>173,327</u>	<u>173,312</u>
Totals	<u>\$ 1,685,511</u>	<u>\$ 1,713,101</u>

Note 3 - DEPOSITS AND INVESTMENTS (Continued)

Cash consist of the following amounts which are held by the Trustee in various accounts established in accordance with the trust indentures for the Series 1990-A, Class A-1 and Class A-2 bonds, and the Series 1990-B, Class B-1, and B-2 bonds:

Trust Indenture Accounts	Cash at December 31,	
	2011	2010
Collection Account	\$ 5	\$ 5
Issuer Residual Account	9	9
Program Sub Account	1,512,184	1,539,789
Debt Service Account	171,812	171,797
Debt Service Reserve Account	1,501	1,501
Totals	<u>\$ 1,685,511</u>	<u>\$ 1,713,101</u>

As a means of limiting its exposure to fair value losses arising from interest rates, the Authority's investment policy emphasizes maintaining liquidity to match specific cash flows.

Credit risk is defined as the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Authority's investment policy requires the application of the prudent-person rule. The policy states, *In general, Lafourche Parish Home Mortgage Authority shall operate under the "Prudent Person" rule, exercising judgment and care, under the circumstances prevailing, which people of ordinary prudence would employ in the management of their own affairs - not in regard to speculation, but as to the permanent disposition of their own funds, considering both safety of capital and income.*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Note 4 - BONDS PAYABLE

Bonds payable as of December 31, 2011 and 2010 consists of one \$5,000 Taxable Refunding Bond, Series 1990-A, Class A-2 and one \$5,000 Single Family Revenue Bond, 1979 Series A (outstanding as of December 31, 2011). The Class A-1 bonds and Class A-2 bonds were issued on April 11, 1990. The Class B-1 and Class B-2 bonds were issued on May 14, 1990. The Class A-2 Bonds were principally used to decrease the 1979 Series A Bonds.

Note 4 - BONDS PAYABLE (Continued)

The Class A-2 Bond will be considered to be paid at maturity and is not secured by the lien of the Class A-2 trust indenture.

Note 5 - UNRESTRICTED NET ASSET

Monies in the Program Sub account and monies in excess of \$60,000 in the Issuer Residual Account as of April 2 each year are not pledged as security for the bonds and are not subject to the lien of the trust indentures. These amounts are reported as unrestricted net assets as of December 31, 2011 and 2010.

Note 6 - ADVANCE REFUNDING OF SERIES 1979 A BONDS

In April and May of 1990, in order to provide monies to the Authority for its valid public purpose, the Authority provided for the full refunding of its Series 1979 A Single Family Mortgage Revenue Bonds. The Authority issued \$10,535,000 of Taxable Refunding Bonds, Series 1990-A, Class A-1 and Class A-2, \$595,000 of Tax-exempt Convertible Capital Appreciation Refunding Bonds, Series 1990-B, Class B-1, and Tax-exempt Capital Appreciation Refunding Bonds, Series 1990-B, Class B-2 maturing on May 20, 2014 in the amount of \$5,250,000 (redeemed in 2009). The proceeds of the refunding issues, along with other available funds of the Authority, have been placed in an irrevocable escrow account to be used solely to defease \$13,145,000 of principal of the Series 1979 A bonds. As described in Note 4, one \$5,000 bond remains outstanding as of December 31, 2011 and was not defeased.

Under terms of the escrow deposit agreement, the amounts deposited into the escrow account with the Escrow Trustee were used to purchase U.S. Government obligations as allowed under the agreement. These investments, along with accrued interest earned thereon, will provide amounts sufficient for future payment of principal and interest on the Series 1979 A bonds, which totaled approximately \$29,820,000 at the date of refunding. The advance refunding met the requirements of an in-substance debt defeasance and therefore, the escrow account and the outstanding balance of the \$13,145,000 of refunded bonds are not reflected on the financial statements of the Authority.

The balance outstanding of the refunded debt of Series 1979 A bonds as of December 31, 2010 was \$2,450,000. During 2011, these bonds were redeemed.

Note 7 - COMPENSATION PAID BOARD OF TRUSTEES

The Trustees serve without compensation, but may be reimbursed for actual expenses incurred in the performance of their duties as Trustees. The Trustees did not receive any per diem, compensation, or reimbursement for actual expenses for the years ended December 31, 2011 and 2010.

Note 8 - SUBSEQUENT EVENTS

The Authority evaluates events occurring subsequent to the date of financial statements in determining the accounting for and disclosure of transactions and events that effect the financial statements. Subsequent events have been evaluated through April 10, 2012, which is the date the financial statements were available to be issued.

SPECIAL REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees,
Lafourche Parish Home Mortgage Authority,
Thibodaux, Louisiana.

We have audited the financial statements of Lafourche Parish Home Mortgage Authority (the "Authority"), State of Louisiana, a component unit of Lafourche Parish Council, as of and for the year ended December 31, 2011, and have issued our report thereon dated April 10, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying Schedule of Findings and Responses that we consider to be a significant deficiency in internal control over financial reporting as described in 11-01. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The Authority's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, and the Legislative Auditor for the State of Louisiana and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bourgeois Bennett, L.L.C.

Certified Public Accountants.

Thibodaux, Louisiana,
April 10, 2012.

SCHEDULE OF FINDINGS AND RESPONSES

Lafourche Parish Home Mortgage Authority

For the year ended December 31, 2011

Section I - Summary of Auditor's Report

a) Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified ☒ yes ☐ no

Noncompliance material to financial statements noted? ☐ yes ☒ no

b) Federal Awards

Lafourche Parish Home Mortgage Authority did not receive federal awards during the year ended December 31, 2011.

Section II - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

11-01 Preparation of Financial Statements and Disclosures

Criteria - Adequate internal controls in relation to financial reporting require the Authority to have the ability to prepare its own financial statements in accordance with generally accepted accounting principles (GAAP), including all required footnote disclosures, or detect misstatements or errors in statements prepared by others.

Condition - Financial statements and required disclosures were prepared by the auditors.

(Continued)

**Section II - Internal Control Over Financial Reporting and Compliance and Other Matters
Material to the Basic Financial Statements (Continued)**

Internal Control Over Financial Reporting (Continued)

11-01 Preparation of Financial Statements and Disclosures (Continued)

Cause - The management of the Authority lacks the qualifications and expertise to prepare GAAP basis financial statements and related disclosures.

Effect - The independent auditor cannot be part of the Authority's internal control over financial reporting.

Recommendation - Management and those charged with governance can mitigate the lack of qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Views of responsible officials of the auditee when there is disagreement with the finding, to the extent practical. - None.

Section III - Internal Control and Compliance Material to Federal Awards

Not applicable.

REPORTS BY MANAGEMENT

SCHEDULE OF PRIOR YEAR FINDINGS AND RESPONSES

Lafourche Parish Home Mortgage Authority

For the year ended December 31, 2011

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

10-01 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Unresolved. Management will analyze this situation to determine the feasibility of employing such a person. Those charged with governance will monitor the financial matters of the Authority closely. (See 11-01).

Compliance and Other Matters

No compliance findings material to the basic financial statements were reported during the audit for the year ended December 31, 2010.

Section II - Internal Control and Compliance Material To Federal Awards

Lafourche Parish Home Mortgage Authority did not receive federal awards during the year ended December 31, 2010.

Section III - Management Letter

A management letter was not issued in connection with the audit of the basic financial statements for the year ended December 31, 2010.

MANAGEMENT'S CORRECTIVE ACTION PLAN

Lafourche Parish Home Mortgage Authority

For the year ended December 31, 2011

Section I - Internal Control Over Financial Reporting and Compliance and Other Matters Material to the Basic Financial Statements

Internal Control Over Financial Reporting

11-01 Preparation of Financial Statements and Disclosures

Recommendation - Management and those charged with governance can mitigate the lack of qualifications and expertise in preparing financial statements by carefully reviewing the financial statements, including disclosures.

Management's Corrective Action - Management will analyze this situation to determine the feasibility of employing such a person. Those charged with governance will monitor the financial matters of the Authority closely.

Compliance and Other Matters

No compliance findings material to the basic financial statements were reported during the audit for the year ended December 31, 2011.

Section II - Internal Control and Compliance Material To Federal Awards

Lafourche Parish Home Mortgage Authority did not receive federal awards during the year ended December 31, 2011.

Section III - Management Letter

A management letter was not issued in connection with the audit of the basic financial statements for the year ended December 31, 2011.